Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the FY2010 Ended March 31, 2011 (Japanese Accounting Standards)

May 9, 2011

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange
Stock code: 8020
URL: http://www.kanematsu.co.jp
Representative: President, Masayuki Shimojima
Contact: General Manager, the General Accounting Department, Nobuyoshi Sakuyama TEL (03) 5440-8111
Scheduled date for the Ordinary General Meeting of Shareholders: June 23, 2011
Scheduled date for the submission of financial statements: June 23, 2011
Scheduled date for commencement of dividend payments: –
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for institutional investors and analysts)

(Figures of less than one million are rounded down.)

1. Consolidated business results for the fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

(1) Consolidated business results (%: Change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2011	936,891	8.8	18,029	47.9	14,257	73.1	9,175	160.1
Fiscal year ended March 2010	861,277	-24.4	12,186	-36.0	8,238	-37.2	3,528	-

(Note) Comprehensive income (loss): 5,141 million yen (-3.2%) for the fiscal year ended March 2011
5,312 million yen (–%) for the fiscal year ended March 2010

	Net income per share	Net income per share (diluted basis)	Return on equity	Ordinary income to total assets ratio	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2011	21.93	-	29.6	3.6	1.9
Fiscal year ended March 2010	8.44	-	13.1	2.0	1.4

(Reference) Equity in earnings of affiliated companies: -374 million yen for the fiscal year ended March 2011
-878 million yen for the fiscal year ended March 2010

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2011	388,676	49,576	8.5	79.07
As of March 31, 2010	398,629	45,804	7.3	69.15

(Reference) Shareholder's equity: 33,101 million yen as of March 2011
28,916 million yen as of March 2010

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2011	7,827	17,322	-20,664	67,426
Fiscal year ended March 2010	26,441	-19,149	-21,572	64,479

2. Dividends

	Dividends per share					Annual total of dividend	Payout ratio (Consolidated)	Net assets dividend ratio (Consolidated)
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2010	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 2011	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 2012 (Forecasts)	-	0.00	-	0.00	0.00		-	

3. Forecasts for consolidated results ending March 2012 (April 1, 2011 – March 31, 2012)

(%: Changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	-	-	-	-	-	--	-	-	-
Full year	950,000	1.4	17,000	-5.7	12,000	-15.8	5,500	-40.1	13.15

(Note) The Company evaluates its business plan and business results on an annual basis.

4. Other information
(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

(2) Any change in accounting principle, procedure and/or the method of presentation
1. Change due to amendment to accounting standard: Yes
2. Change due to other than above: None

(Note) For details, please see the statement under the heading of "Changes in significant items regarding the preparation of consolidated financial statements" on page 19 of accompanying materials.

(3) Number of outstanding shares (common shares)
1. Number of outstanding shares including treasury stock
   Fiscal year (2011/3): 422,501,010 shares, Fiscal year (2010/3): 422,501,010 shares
2. Number of treasury stock
   Fiscal year (2011/3): 3,878,764 shares, Fiscal year (2010/3): 4,303,097 shares
3. Average number of shares during the period
   Fiscal year (2011/3): 418,393,881 shares, Fiscal year (2010/3): 418,277,588 shares

(Note) For the number of shares used as the basis for calculation of net income per share (consolidated), please see "Per share information" on page 23 of accompanying materials.

(Reference) Summary of Non-Consolidated Financial Results
1. Non-consolidated business results for the fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)
(1) Non-consolidated business results (%: Changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2011	438,975	18.4	5,308	151.7	5,218	23.2	7,446	38.6
Fiscal year ended March 2010	370,858	-31.4	2,109	-45.3	4,237	8.8	5,373	-

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
Fiscal year ended March 2011	17.67	-
Fiscal year ended March 2010	12.76	-

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2011	276,956	48,754	17.6	115.63
As of March 31, 2010	290,040	42,050	14.5	99.83

(Reference) Shareholder's equity: 48,754 million yen as of March 2011, 42,050 million yen as of March 2010

* Statement relating to the execution status for audit procedures
This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act were not completed at the time this financial summary was disclosed.

* Explanation about the proper use of results forecasts, and additional information
1. The results forecasts and forward-looking statements included in this document are based on information available on the date of the announcement and estimates based on reasonable assumptions. Actual results might be significantly different from the forecasts in the document, depending on various factors.
   Refer to the section "1. Business Results, (1) Analysis of business results, 2) Forecast for the fiscal year ending March 2012" on page 3 of accompanying materials for further information on results forecasts.
2. The Company operates its businesses on a consolidated basis. The Company produces no forecast for non-consolidated business results.
3. The Company plans to hold a results briefing for institutional investors and analysts on Friday, May 13, 2011. It intends to publish references to explain results it will distribute at the briefing session at its website promptly after the session.

Accompanying Materials – Contents

1. Business Results

(1) Analysis of business results

1) Review of operations in the fiscal year ended March 2011

In the fiscal year under review, the global economy generally continued to grow, driven by active demand in Asia and emerging countries in other regions, in spite of some grounds for economic concern, such as the repercussions of financial problems in Europe and increased tensions in the Middle East and North Africa.

In Japan, overseas demand enabled a rebound in exports, but the country's economy failed to stage a full-fledged recovery, owing to factors such as severe employment and capital expenditure conditions, the ongoing strength of the yen, and concerns about deflation. In addition, the Great East Japan Earthquake that struck on March 11, 2011 caused unprecedented damage to parts of Japan and produced tremendous adverse effects on economic activities nationwide, including severe disruption to supply chains.

In this environment, the Company took steps to add values, such as the provision of specialty products combined with its expertise, while continuing its initiatives to cut costs and improve earnings.

As a result, consolidated net sales increased ¥75,614 million (8.8%) year on year, to ¥936,891 million, and consolidated gross trading profit grew ¥2,801 million (3.8%) year on year, to ¥76,905 million, reflecting a rise in transaction volumes. Consolidated operating income climbed ¥5,843 million (47.9%) year on year, to ¥18,029 million, thanks to contributions made by developments such as a sustained reduction in selling, general, and administrative expenses. In spite of a loss posted on foreign exchange translation, non-operating income improved ¥176 million year on year, attributable to a rise in dividends received, improvements in the loss on equity method investments, and other factors. Consequently, consolidated ordinary income rose ¥6,019 million (73.1%) year on year, to ¥14,257 million.

In extraordinary items, consolidated extraordinary losses of ¥1,226 million were posted for items that included a loss on the sale of investments in securities, a loss on the valuation of investments in securities, the effects of applying accounting standards for asset retirement obligations and an extraordinary loss posted in connection with the Great East Japan Earthquake. Income before income taxes and minority interests was ¥13,030 million, up ¥4,623 million (55.0%) year on year. After subtracting tax expenses and minority interests, the Company posted consolidated net income of ¥9,175 million, an increase of ¥5,647 million (160.1%) from the previous fiscal year.

The results for each business segment are as follows. The Group changed the names of the IT Division and the Life Science & Energy Division to the Electronics & IT Division and the Environment & Materials Division, respectively, from the current fiscal year to better reflect their merchandise and services. Also, with the application of the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan (ASBJ) Statement No. 17, March 27, 2009), the Group reclassified the Iron, Steel & Plants Division into the Iron & Steel Division and the Machinery & Plant Division.

(Electronics & IT)

In the Electronics & IT segment, the semiconductor equipment business improved substantially from a year ago with a recovery in demand for semiconductors, backed by strong demand for smartphones and digital home appliances. The mechanical device business and mobile solutions business remained firm. The ICT solutions business also generated steady earnings, reflecting cost cutting and other initiatives.

As a result, net sales in the Electronics & IT Division rose ¥21,152 million year on year, to ¥253,854 million. Operating income increased ¥3,705 million, to ¥9,488 million.

(Foods & Foodstuff)

The Foods & Foodstuff Division benefited from a strong overall performance of the food business, which enjoyed a relatively stable supply and demand environment. The meat and marine products business posted stable revenue thanks to fixed interval and fixed quantity agreements, despite a decline in demand in the food service industry. The foodstuff business struggled, reflecting a harsh external environment, including a decline in feedstuff production in Japan associated with extremely high temperatures and foot-and-mouth disease, and falls in the prices of soy products attributable to deflation despite surges in grain prices overseas.

As a consequence, net sales in the Foods & Foodstuff Division increased ¥7,620 million, to ¥271,860 million. Operating income fell ¥787 million, to ¥2,835 million.

(Iron & Steel)

In the Iron & Steel Division, exports of automobile wire rods to Europe the United States remained solid, as did shipments of special and stainless steel products to the United States and Asia. In addition, inquiries for iron ore increased, with the appreciation of raw material prices in the background. The rise in demand contributed to earnings for the segment.

As a result, sales in the Iron & Steel Division increased ¥10,854 million, to ¥98,832 million. Operating income climbed ¥975 million, to ¥3,410 million.

(Machinery & Plant)
In the Machinery & Plant Division, business linked to automobile parts, primarily for China, and to plants for the Middle East was solid. The turnover of the machine tool business rose as the environment for orders recovered, while the Company took steps to reduce operating costs.
As a result, sales in this segment rose ¥6,040 million, to ¥67,300 million. Operating income increased ¥1,987 million, to ¥1,062 million.

(Environment & Materials)
In the Environment & Materials Division, exports increased for raw materials for car batteries and transactions in products, such as lubricant oils and raw materials for resin, stayed solid for the functional chemicals business. The life science business performed well with continued strength in sales of immunized milk and in imports and sales of pharmaceutical ingredients. The energy business faced a challenging environment, reflected in persistently high crude oil prices and declining profit margins in step with sluggish domestic demand.
As a consequence, net sales in the Environment & Materials Division increased ¥29,322 million, to ¥227,466 million. Operating income climbed ¥60 million, to ¥977 million.

(Other)
In the Other segment, net sales increased ¥626 million, to ¥17,577 million, and operating income declined ¥97 million, to ¥235 million, primarily attributable to the deteriorated profitability of the aluminum recycling business.

2) Forecast for the fiscal year ending March 2012
The global economy is expected to sustain growth over the next fiscal year, in spite of an inevitable slowdown from the fiscal year under review. A sense of uncertainty over the economy will remain, owing to factors such as the persistent fiscal problems in Europe and unstable situations in the Middle East and North Africa. At the same time, emerging economies are likely to continue their expansion, led by China and Brazil.
In Japan, the adverse effects of the Great East Japan Earthquake have spilled over into diverse economic activities, including raw material procurement, production, distribution, electric power supply, and personal spending. These effects of the great earthquake have greatly clouded the outlook for the Japanese economy.
In these circumstances, the Company forecasts consolidated net sales of ¥950 billion, consolidated operating income of ¥17 billion, consolidated ordinary income of ¥12 billion, and consolidated net income of ¥5.5 billion for the fiscal year ending March 2012, incorporating the effects of the Great East Japan Earthquake within the scope of possible assumptions.

(Assumptions for the calculation of results forecast)
- Exchange rate: 1 US dollar = 85 yen
- Interest rates: No year-on-year change or a slight increase

* Note on forward-looking statements
The results forecast above are based on information available on the date of the announcement and assumptions relating to uncertain factors that will affect future results. Actual results may differ materially from the forecast, depending on changes in the operating environment, such as domestic and foreign economic conditions and exchange rates.

(2) Analysis of financial status

1) Assets, liabilities and net assets
Total assets at the end of the fiscal year under review amounted to ¥388,676 million, down ¥9,953 million from the end of the previous fiscal year. This change reflected increases in notes and accounts receivable and other items attributable to active demand in Asia and emerging countries in other regions, and a decrease in cash and bank deposits.
Net interest-bearing debt, which is borrowings minus cash and bank deposits, fell ¥4,738 million from the end of the previous fiscal year, to ¥104,612 million as a result of the repayment of interest-bearing debt made to reduce debt further.
Net assets at the end of the fiscal year under review were ¥49,576 million, up ¥3,772 million from the end of the previous fiscal year. The change was attributable to an increase in retained earnings as a result of the posting of net income, which offset a decline in accumulated other comprehensive income under the effects of foreign exchange and other trends.
As a result, the capital adequacy ratio improved 1.2 percentage points, to 8.5 %. The net debt-equity ratio also improved to 3.2, up from 3.8 at the end of the previous fiscal year.

2) Cash flows

Net cash provided by operating activities stood at ¥7,827 million (net cash provided of ¥26,441 million for the previous fiscal year), mainly reflecting a cash inflow from strong operating results, which offset an increased outflow in funds for making transactions. Net cash provided by investing activities was ¥17,322 million (net cash used of ¥19,149 million), primarily attributable to proceeds from the withdrawal of time deposits. Net cash used in financing activities was ¥20,664 million (net cash used of ¥21,572 million), chiefly owing to the repayment of borrowings.

As a result, cash and cash equivalents at the end of the fiscal year under review stood at ¥67,426 million, up ¥2,947 million from the end of the previous fiscal year.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009	Fiscal year ended March 2010	Fiscal year ended March 2011
Equity ratio	5.9%	9.1%	6.0%	7.3%	8.5%
Equity ratio on a market value basis	19.0%	11.0%	7.9%	8.1%	8.9%
Ratio of interest-bearing debt to cash flow	13.0	15.6	12.4	7.3	22.2
Interest coverage ratio	2.8	2.1	3.1	6.0	1.8

Equity ratio: Shareholders' equity/total assets

Equity ratio on a market value basis: Market capitalization/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/free cash flow

Interest coverage ratio: Free cash flow/interest payments

* All of the above figures are calculated based on consolidated financial values.
* Market capitalization is calculated based on the following formula: Closing share price at the end of the period x Number of shares issued (net of treasury stock) at the end of the period.
* Cash flows from operating activities are used for cash flow. Interest-bearing debt includes all debts listed on the consolidated balance sheets to which the Company pays interests. For interest payments, the amount of interests paid listed on consolidated statements of cash flows is used.

(3) Basic policy for distribution of profits and dividends in the fiscal year ended March 2011 and the fiscal year ending March 2012

The Company regards the distribution of profits to shareholders as critical management issues. It adopts a basic policy for dividends of taking into consideration factors such as operating results and the need to increase internal reserves.

The Company will pay no dividend for the fiscal year under review, as non-consolidated retained earnings, which are used as a resource for dividends payment, remain in a deficit in spite of steady ongoing rises in income. The Company has no plan to pay dividends for the next fiscal year. It does, however, aim to resume dividend payments at an early stage by rebuilding its capital with sustained initiatives for bolstering its earnings capabilities.

(4) Business risks

Since the Kanematsu Group operates a broad array of businesses around the world, it is directly and indirectly affected by political developments and economic conditions in countries where it has a presence, including changes in supply and demand situations. Operations of the Group are exposed to risks such as price fluctuations and liquidity risks of commodities, foreign exchange rates, funds (interest rates) and shares, default and credit risks, investment risks, country risks, and risks associated with changes in laws and regulations. These risks may affect business results and the financial position of the Group because they involve uncertainties unpredictable in the normal course of business. These risks can readily be eliminated. However, the Group seeks to control the risks by developing the systems and methods needed to manage each risk based on its nature.

1) Risks Related to Overall Business Activities

(Market risk related to supply and demand and prices of goods traded)

In its mainstay commodity trading business in Japan and overseas, the Group deals with grains and petroleum products as well as electronic parts and information, communications and technology (ICT) products. Grains and petroleum products will be influenced by the market conditions, while electronic parts and ICT products are exposed to the risk of frequent price erosion caused by competition and obsolescence resulting from technological innovation. An unexpected loss may result from causes such as rapid movements in commodities prices or a decline in demand, when our positions in these commodities increase.

(Foreign currency risk)
The Group is engaged in foreign currency transactions in a number of currencies and terms incidental to its export and import trading. The Group not only transfers the risk of currency fluctuations to customers in accordance with transaction terms but also participates in derivatives transactions such as forward contracts to reduce the risk.
The Company also has local subsidiaries and business corporations overseas. Account balances at these companies are converted into yen at the exchange rates prevailing at the time of account closing, for the purposes of preparing consolidated financial statements. For this reason, shareholders' equity may change through translation adjustments associated with exchange rate fluctuations.

(Interest rate risk)
The Group raises most funds needed for operating and financing activities in the form of borrowings from financial institutions at variable interest rates, with the exception of certain loans. Since these borrowings and fund management are exposed to an interest rate risk, interest paid by the Group may increase with a rise in interest rates.
Also, since certain companies in the Group adopt a defined benefit pension plan, the retirement benefit obligation could increase in the estimation of the Group if the discount rate used for the calculation of the retirement benefit obligation falls.

(Price fluctuation risk of marketable securities, etc.)
The Group may hold shares in trade partners as means of strengthening its relationship with them. There is a risk of price fluctuation inherent in these shares, which could have an effect on the financial position of the Group through valuation differences in securities.
Since stocks and other securities are included in the portfolio of the pension assets of the Group for the purpose of making medium- and long-term investments, differences from the required investment yield could have an effect on the financial position of the Group, given that the investment yield will fall if the prices of the stocks, etc. fall.

(Default risk and credit risk)
The Group extends credit in a number of forms, including accounts receivable, advance payments, loans and guarantees in diverse business transactions with its trading partners in Japan and abroad. For this reason, late repayments and defaults may occur with developments such as a deterioration in the financial strength of its trading partners. The Group could also be forced to perform obligations that could be accompanied by a monetary loss in association with the conclusion and performance of a commodity supply agreement, a contract agreement, and subcontract agreement, or other agreements, irrespective of reasons, if the trade partner defaults on its obligation or contract.
Although we have set aside an allowance for these losses in our accounting procedures using certain estimates, an additional loss could arise if the loss exceeds the scope of the allowance.

(Business investment risk)
The Group makes business investments to achieve objectives, including deep mining of existing businesses and expansion of business areas. The Group decides whether to make such investments through procedures established according to their details and amounts. When making investment decisions, the Group evaluates and analyzes risk factors and the profitability of the business based on cash flows, taking the criteria for business withdrawal into account. After making an investment, the Group regularly reevaluates and reviews business potential and investment value to minimize any potential loss. The value of the business investments may fluctuate according to the financial conditions of investment targets and their business success or failure. The range of market changes tend to be particularly wide in overseas businesses. Local laws and relationships with partners may also prevent the Group from executing its policy for operating or withdrawing from a business.

(Country risk)
The Group engages in transactions, loans and investments in other countries. The collection of receivables may be delayed or impossible as a result of political or economic developments in each of these countries. To minimize losses that could arise should these country risks become reality, the Group regularly sets a limit based on ratings given to each country and region according to the scale of their respective country risk, and operates its businesses in such a way that prevents overexposure to certain countries and regions. The Group takes steps such as enrolling in trade insurance programs, according to the ratings and project details in an attempt to minimize recovery risks. However, continuing transactions may become difficult if these risks actualize in certain countries and regions, and this development may affect the future business results of the Group.

(Legal risk related to changes in laws)
The business activities undertaken by the Group in Japan and overseas are subject to a wide range of legal regulations in Japan and other countries. The Group may become unable to continue certain transactions because of factors such as unexpected changes in laws, changes in export and import regulations, including a punitive tariff that could be introduced unilaterally following changes in the international political environment, and changes in regulations such as permits and licenses related to the sales and handling of products. An unexpected expense for the Group may also arise from a lawsuit or from an order issued by authorities. This risk also includes the risk that a tax rate or tax arrangements imposed by authorities or between countries under international taxation arrangements may change. Changes in these legal systems could influence the financial position and operating results of the Group.

(Legal risk related to lawsuits and disputes)
Business operations by the Group, and its assets and liabilities associated with the business operations may become subject to legal proceedings, including lawsuits, and other disputes, in various ways through the course of the business activities undertaken by the Group in Japan and overseas. These lawsuits and disputes are difficult to foresee. In addition, resolving disputes and lawsuits often takes a considerable time. Predicting outcomes involves uncertainties. Lawsuits and disputes may affect the financial position and business results of the Group when they emerge and produce unexpected results.

(Security risk related to information systems and information security)
The Group builds and operates information systems for sharing information and streamlining its operations. The Group has adopted information security control rules, and is taking steps to ensure that all members of the Group are familiar with crisis control responses, to meet the safety requirements for operating its information systems. However, information systems cannot be made entirely invulnerable to the unauthorized disclosure of business sensitive information or personal information through unauthorized access, computer viruses and other means, as well as inoperability due to factors such as natural disasters, destruction of information system facilities attributable to accidents and other causes, and communication line troubles. Inoperability may reduce the efficiency of operations that depend on the systems, and seriously affect the future business results of the Group, depending on the scale of damages.

(Product and facility deterioration risk due to natural disasters and accidents)
The Group owns facilities, including business offices, warehouses and manufacturing plants, in Japan and overseas. Cargo movements take place not only in Japan but also between foreign countries when the Group engages in transactions. For these reasons, assets held by the Group may be damaged or deteriorate as a result of disasters, accidents and other developments in the course of transportation. In addition, the businesses of the Group may be suspended due to developments such as earthquakes, fire, floods and riots.

(Compliance and fraud risk)
The Group operates businesses to buy, sell and provide a broad array of products and services in Japan and overseas and carefully monitors laws and regulations, including those related to exports and imports that are established and enforced for these products and services in Japan and other countries. However, it is difficult to execute all procedures at all times across all of the trading operations we conduct with the involvement of multiple parties. Although we take a number of actions to prevent violations, there is a risk that we may overlook a violation of a law or an instance of fraud. If the violation or fraud is material, the financial position and operating results of the Group could be affected.

2) Risk Management

(Position management of foreign exchanges, interest rates and products)
In many cases, the foreign currency risk, interest rate risk and risk of price fluctuations associated with goods traded incidental to business transactions are transferred to trade partners, etc. in the form of transaction terms. In addition, the Company has established a system under which a limit (position limit) and a loss limit are set for foreign exchange, funds (interest rates), products and their derivatives, taking into account the scale of the risk and the income of each internal unit and company, so that it can quickly reduce its position when the predetermined limit is exceeded. We also reduce the price fluctuation risk of these positions by using derivatives as a hedge.

(Credit management of transactions)
When extending credit to customers in Japan and overseas, we regularly provide the rating to individual customers based on their financial data and other information and set a credit limit based on the rating and the type of credit. We control credit risk by restricting credits so that the total amount of credits, including those arising from ordinary business transactions as well as loans and guarantees, does not exceed the limit. We have also established a system to prevent the expansion of unintended credit risks by regularly monitoring collection and frozen status and taking the necessary security steps.

We also prevent credits from exceeding the limit by systematically checking the credit limit when shipping goods to trading partners.

(Security management)
To prevent violations of laws related to security trade control, we take every care in managing and operating processes by establishing the Security Export Control Regulations and a compliance program for the laws in question.

(Risk hedge against natural disasters and accidents)
The Group hedges the risk from natural disasters and accidents of devaluation of and indemnification for facilities and equipment it owns in Japan and overseas, including business offices, warehouses and manufacturing plants, goods in stock it owns in Japan and other countries, and products in transit, by insuring each item against damages.

(Information security)
With respect to the security of information contained in information systems, we have adopted information security control rules to prevent leaks and outflows of important information, and have established unified regulations on the use of personal computers, networks and e-mail for protecting company and personal information. We also review the systematic base for raising the security level on a constant basis, and maintain and operate the base to ensure the required and appropriate level of security.

(Compliance)
To comprehensively monitor compliance with laws and regulations, we have established the Risk Management and Compliance Committee. The Committee regularly reviews the compliance status and deals with problems that arise unexpectedly. We have also developed a compliance handbook and distributed it to our employees together with the compliance card to ensure that all employees are fully aware of the importance of compliance. Taking a step further, we have set up an internal hotline and an external attorney hot line for accepting reports and providing consultation services.

(Operations management)
To prevent operational risks arising from back-office work, we have established a system to prevent fraud, violations of rules and errors in recording in the workflow by processing all slip issuing activities after delivery and receipt operations in batches, with the implementation of Business Process Re-engineering (BPR).

3) Medium-Term Business Plan

As stated in “3. Management Policies,” the Company has developed its S-Project medium-term business plan, which will conclude in the fiscal year ending March 2013. The quantitative targets set out in this plan were adopted on the basis of certain assumptions and premises. We may not be able to achieve these targets because of factors such as economic conditions and industry trends that vary significantly from forecasts or our inability to take effective measures in response to changes in the operating environment.

2. Corporate Group

The Group operates businesses and provides a broad array of products and services in diverse fields such as electronics & IT, foods and foodstuffs, iron & steel, machinery & plant, and environment & materials. The Group seeks to act as a business development team, developing excellent relations with its customers and working closely with them to develop new business. To this end, the Group organically integrates the business networks and the areas of specialization it has been cultivating in businesses around the world with the functions of a trading company, which include commodities trading, information gathering, market exploration, business development and formulation, risk management and distribution.
The Company classifies these businesses into categories according to the contents of goods traded and services, and the Group consists of a total of 117 companies including the Company, 84 subsidiaries and 33 affiliates (as of March 31, 2011). Among them, the Group has 79 consolidated subsidiaries and 32 equity-method affiliates.
Products and services by business segment and major affiliates of the Group are as follows.
The Group changed the names of the IT Division and the Life Science & Energy Division to the Electronics & IT Division and the Environment & Materials Division, respectively, from the current fiscal year to better reflect their merchandise and services. Also, with the application of the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan (ASBJ) Statement No. 17, March 27, 2009), the Group reclassified the Iron, Steel & Plants Division into the Iron & Steel Division and the Machinery & Plant Division.

Business segments	Major products and services	Principal subsidiaries and affiliates
Electronics & IT (31 companies)	Electronic parts and members, semiconductor/ LED/solar cell manufacturing equipment, in-vehicle parts, mechanized parts, communication equipment and parts, materials and indirect materials related to electronics, telecommunications technology systems and services, mobile communication terminals, mobile Internet systems and services, aircrafts and aircraft parts, satellite equipment and parts and others	(Subsidiaries: Nine subsidiaries in Japan and 15 subsidiaries overseas) Kanematsu Electronics Ltd. Kanematsu Communications Ltd. (Affiliates: Six affiliates in Japan and one affiliate overseas) Nippon Office Systems Ltd.
Foods & Foodstuff (18 companies)	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, meat and marine products, feed, fertilizer, soybeans, barley, wheat, rice, processed foods, cooked foods, pet foods and others	(Subsidiaries: Seven subsidiaries in Japan and one subsidiary overseas) Kanematsu Food Corporation Kanematsu Agri-Tech Corporation (Affiliates: Five affiliates in Japan and five affiliates overseas) Nippon Liquor Ltd. Dalian Tiantianli Food Co., Ltd.
Iron & Steel (10 companies)	Steel plates, bars and wire rods, pipes, stainless products, and forgings, general steel products, raw materials for iron and steel and others	(Subsidiaries: Five subsidiaries in Japan and five subsidiaries overseas) Kanematsu Trading Corporation
Machinery & Plant (14 companies)	Chemical and petrochemical plants, papermaking machines, communication lines construction, optical fibers, electric power projects, automobiles and automobile parts, ships and maritime equipment, industrial vehicles, construction machinery, general-purpose machines, machine tools, industrial tools and others	(Subsidiaries: Four subsidiaries in Japan and eight subsidiaries overseas) Kanematsu KGK Corp. (Affiliates: Two affiliates overseas)
Environment & Materials (8 companies)	Battery materials, fertilizer materials, adhesive materials, solvents, functional food materials, nutritional supplements, pharmaceuticals and pharmaceutical intermediates, crude oil, petroleum products, LPG, greenhouse gas emissions rights, biomass energy and others	(Subsidiaries: Five subsidiaries in Japan) Kanematsu Chemicals Corp. Kanematsu Wellness Corp. Kanematsu Petroleum Corp. (Affiliates: Three affiliates in Japan)

Business segments	Major products and services	Principal subsidiaries and affiliates
Others (22 companies)	Textile materials and products, beds, bedding and interior goods, housing materials, medium-grade fiberboards, nonferrous metals, insurance agent/intermediary business, air/marine cargo agent business, customs clearing, real estate management and leasing business and others	(Subsidiaries: Nine subsidiaries in Japan and two subsidiaries overseas) Shintoa Corporation Kanematsu Logistics & Insurance Ltd. (Affiliates: Five affiliates in Japan and six affiliates overseas) Kaneyo Co., Ltd. Kanematsu Textile Corp. P.T.Century Textile Industry Kanematsu-NNK Corp. Hokushin Co., Ltd.

Overseas local subsidiaries (14 companies)	Trading of products and provision of services overseas	(Subsidiaries: 14 subsidiaries) Kanematsu USA Inc. Kanematsu (Hong Kong) Ltd. Kanematsu (China) Co., Ltd. Kanematsu Europe Plc

(Notes) 1. Among the subsidiaries and affiliates listed above, Kanematsu Electronics Ltd. is listed on a stock exchange in Japan (First Section of the Tokyo Stock Exchange).

2. KIT Co., Ltd. absorbed Central Express Ltd. and changed its name to Kanematsu Logistics & Insurance Ltd. on April 1, 2010.

3. Management Policies

Since April 2010, the Company has been executing the “S-Project” medium-term business plan that covers a period of three years from April 1, 2010 to March 31, 2013. The Company’s management policies under this business plan are as follows:

(1) Basic management policies

The pioneering spirit and proactive ingenuity needed to constantly anticipate trends and boldly and ceaselessly taking on new business challenges have been principles that have guided us since our founding. We will execute the S-Project medium-term business plan, adopting Our Beliefs (established in 1967) as the basic principles, so that we can strengthen the bonds we enjoy with our customers, develop businesses and continued to be valued by society.

“Our Beliefs”

- We believe that we should realize prosperity for our Company through just and fair earnings in the pioneering spirit fostered by our predecessors, with the wisest use of our creative imagination and ingenuity.
- We believe that we should justify the existence of our Company by promoting a sound and flourishing business, by fulfilling our responsibilities toward the welfare of society, and by contributing to the security and well-being of us all.
- We believe that each one of us should attend to business not as an individual but as a member of an organization abiding by common rules, carrying out our duties through loyalty to the Company and in a spirit of cooperation and understanding.

(2) Target management indicators

The targets set for the final year of the S-Project medium-term business plan (fiscal year ending March 2013) are as follows*

- Consolidated gross trading profit: ¥80,000 million
- Consolidated operating income: ¥19,000 million
- Equity ratio: more than 10%
- Net debt-equity ratio: about 2.0 times

We achieved favorable results against these targets in the first fiscal year under the business plan. We will continue our efforts to achieve these targets without fail and to resume dividends payment as soon as practicable.

(3) Medium- and long-term management policies

We will continue our efforts to expand businesses in fields rooted in industry. Through the course of these activities, we aim to become a “team of business developers” that constantly creates new businesses.

The vision and basic concepts we adopted for the S-Project medium-term business plan are as follows:

<Vision>

We will achieve our growth as a “team of business developers” and contribute to society under economic conditions that are undergoing radical changes worldwide.

<Basic concepts>

- We will strengthen our revenue base by continuing our efforts to focus on select businesses and seize timely business opportunities in Japan and overseas.
- We will solidify our footing and operating foundations by continuing to bolster our efficiency and soundness.
- We will seek to develop business together with our customers, strengthening our ties with them.

(4) Future issues

Radical changes that have occurred in the economies of Japan and other countries have produced significant effects on our consolidated business results in recent years. In the most recent quarter, China, other countries in Asia, and emerging nations in other regions posted economic growth. In the meantime, financial problems in Europe persisted, tensions rose in the Middle East and North Africa, and the Great East Japan Earthquake that took place on March 11, 2011, disrupted supply chains and affected export industries. The situation remains unpredictable as a result.

We believe that strengthening our revenue base and operating foundations to levels that allow us to achieve sustainable growth is an issue that we must continue to address in this turbulent global environment.

<Strengthening the revenue base>

- We will continue our efforts to focus on select businesses so that we can strengthen our revenue base, something that is indispensable if we are to sustain our growth.
- We will structure our business portfolio strategically in stages, prioritizing the allocation of resources to businesses where future growth can be expected in the four fields of ICT (information, communications and technology) and electronics; foodstuffs; the environment; and iron, steel and plants.

<Strengthening the operating foundations>

- We will improve our financial conditions in stages, for instance by reducing net interest-bearing debt and restructuring our asset portfolio.
- We will boost management efficiency by reviewing our cost structure with initiatives that include streamlining back-office divisions.
- We will advance and deepen our consolidated management system by introducing a new business management system and stepping up initiatives to establish internal control and promote compliance.
- We will train personnel worldwide with initiatives such as training employees to handle consolidated management responsibilities and expanding our overseas workforce.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Fiscal 2009 (March 31, 2010)	Fiscal 2010 (March 31, 2011)
Assets		
Current assets		
Cash and bank deposits	83,752	69,014
Notes and accounts receivable	133,153	146,546
Investments in leased assets	552	606
Inventories	55,827	57,089
Short-term loans receivable	2,267	1,740
Deferred tax assets	1,774	3,581
Other	27,116	21,058
Allowance for doubtful accounts	(416)	(355)
Total current assets	304,027	299,283
Fixed assets		
Tangible fixed assets		
Fixed assets for lease (net amount)	2,722	2,563
Buildings and structures (net amount)	5,118	5,149
Machinery, equipment, vehicle, tools and fixtures (net amount)	5,557	4,781
Land	14,524	14,291
Leased assets (net amount)	291	1,092
Construction in progress	3	5
Total tangible fixed assets	28,218	27,884
Intangible fixed assets	1,843	1,859
Investments and other assets		
Investments in securities	36,424	31,977
Long-term loans receivable	13,039	12,679
Doubtful accounts	15,125	14,006
Deferred tax assets	13,961	13,325
Other	9,175	9,894
Allowance for doubtful accounts	(23,187)	(22,236)
Total investments and other assets	64,539	59,648
Total fixed assets	94,601	89,392
Total assets	398,629	388,676

(Million yen)

	Fiscal 2009 (March 31, 2010)	Fiscal 2010 (March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable	90,559	96,137
Import bills payable	23,591	27,119
Short-term borrowings	104,133	100,488
Lease obligations	328	572
Accrued income taxes	870	1,562
Deferred tax liabilities	-	1
Asset retirement obligations	-	6
Other	31,586	26,231
Total current liabilities	251,070	252,120
Long-term liabilities		
Long-term borrowings	88,969	73,138
Lease obligations	557	1,248
Deferred tax liabilities	388	364
Accrued severance indemnities	2,648	2,516
Reserve for directors' retirement benefits	655	617
Asset retirement obligations	-	847
Negative goodwill	132	-
Other	8,401	8,245
Total long-term liabilities	101,754	86,978
Total liabilities	352,824	339,099
Net assets		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus	27,644	27,606
Retained earnings	(261)	8,914
Treasury stock	(639)	(569)
Total owners' equity	54,524	63,732
Other accumulated comprehensive income		
Unrealized loss on available-for-sale securities	57	(166)
Deferred gain/loss on hedging	262	(143)
Land revaluation reserves	58	58
Translation adjustments	(25,986)	(30,379)
Total other accumulated comprehensive income	(25,608)	(30,631)
Minority interests	16,887	16,475
Total net assets	45,804	49,576
Total liabilities and net assets	398,629	388,676

(2) Consolidated Statements of Income / Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Net sales	861,277	936,891
Cost of sales	787,173	859,986
Gross trading profit	74,104	76,905
Selling, general and administrative expenses		
Salaries and bonuses	23,627	23,104
Retirement benefit expenses	2,276	1,573
Outsourcing service charges	7,895	7,659
Transfer to allowance for doubtful accounts	109	88
Other	28,010	26,449
Total selling, general and administrative expenses	61,918	58,875
Operating income	12,186	18,029
Non-operating income		
Interest received	702	574
Dividends received	691	1,188
Foreign exchange gains	569	-
Other	1,294	1,331
Total non-operating income	3,258	3,093
Non-operating expenses		
Interest paid	4,356	4,346
Loss on equity method investments	878	374
Foreign exchange losses	-	415
Other	1,971	1,728
Total non-operating expenses	7,206	6,864
Ordinary income	8,238	14,257
Extraordinary gains		
Gain on sale of tangible fixed assets	224	52
Gain on sale of investment in securities	611	495
Gain on liquidation of affiliates	228	4
Gain on reversal of allowance for doubtful accounts	986	487
Gain on negative goodwill	-	103
Total extraordinary gains	2,050	1,143
Extraordinary losses		
Loss on sales or disposal of fixed assets	158	92
Loss on impairment	142	252
Loss on sale of investments in securities	207	464
Loss on valuation of investments in securities	434	560
Loss on sale of affiliates	109	-
Loss on liquidation of business	300	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	436
Loss on disaster	-	563
Loss on litigation	529	-
Total extraordinary losses	1,882	2,370
Income before income taxes and minority interests	8,407	13,030
Income taxes – current	2,606	3,244
Income taxes – deferred	1,008	(800)
Total income taxes	3,614	2,443
Income before minority interests	-	10,587
Minority interests in consolidated subsidiaries	1,264	1,412
Net income	3,528	9,175

Consolidated Statement of Comprehensive Income

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Income before minority interests	-	10,587
Other comprehensive income	-	
Valuation difference on available-for-sale securities	-	(272)
Deferred gains or losses on hedges	-	(390)
Foreign currency translation adjustment	-	(4,703)
Share of other comprehensive income of associates accounted for using equity method	-	(79)
Total other comprehensive income	-	*2 (5,445)
Comprehensive income	-	*1 5,141
Comprehensive income attributable to	-	
Comprehensive income attributable to owners of the parent	-	4,152
Comprehensive income attributable to minority interests	-	989

(3) Consolidated Statements of Shareholders' Equity

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Owners' equity		
Common stock		
Balance at end of previous fiscal year	27,781	27,781
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	27,781	27,781
Capital surplus		
Balance at end of previous fiscal year	27,644	27,644
Changes during the fiscal year		
Disposal of treasury stock	-	(38)
Total changes during the fiscal year	-	(38)
Balance at end of the fiscal year	27,644	27,606
Retained earnings		
Balance at end of previous fiscal year	(3,786)	(261)
Changes during the fiscal year		
Net income	3,528	9,175
Disposal of treasury stock	(2)	-
Total changes during the fiscal year	3,525	9,175
Balance at end of the fiscal year	(261)	8,914
Treasury stock		
Balance at end of previous fiscal year	(632)	(639)
Changes during the fiscal year		
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	5	81
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	(0)
Total changes during the fiscal year	(7)	70
Balance at end of the fiscal year	(639)	(569)
Total owners' equity		
Balance at end of previous fiscal year	51,006	54,524
Changes during the fiscal year		
Net income	3,528	9,175
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	3	43
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	(0)
Total changes during the fiscal year	3,518	9,207
Balance at end of the fiscal year	54,524	63,732
Other accumulated comprehensive income		
Unrealized loss on available-for-sale securities		
Balance at end of previous fiscal year	(891)	57
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	949	(224)
Total changes during the fiscal year	949	(224)
Balance at end of the fiscal year	57	(166)

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Deferred gain/loss on hedging		
Balance at end of previous fiscal year	173	262
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	88	(405)
Total changes during the fiscal year	88	(405)
Balance at end of the fiscal year	262	(143)
Land revaluation reserves		
Balance at end of previous fiscal year	58	58
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	58	
Translation adjustments		
Balance at end of previous fiscal year	(25,409)	(25,986)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(576)	(4,393)
Total changes during the fiscal year	(576)	(4,393)
Balance at end of the fiscal year	(25,986)	(30,379)
Total other accumulated comprehensive income		
Balance at end of previous fiscal year	(26,070)	(25,608)
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	461	(5,022)
Total changes during the fiscal year	461	(5,022)
Balance at end of the fiscal year	(25,608)	(30,631)
Minority interests		
Balance at end of previous fiscal year	17,099	16,887
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(211)	(412)
Total changes during the fiscal year	(211)	(412)
Balance at end of the fiscal year	16,887	16,475
Total net assets		
Balance at end of previous fiscal year	42,035	45,804
Changes during the fiscal year		
Net income	3,528	9,175
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	3	43
Changes in treasury stock attributable to changes of the stake in equity method affiliates	(0)	(0)
Net changes of items other than owners' equity during the fiscal year	250	(5,435)
Total changes during the fiscal year	3,768	3,772
Balance at end of the fiscal year	45,804	49,576

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Cash flows from operating activities:		
Income before income taxes and minority interests	8,407	13,030
Depreciation and amortization	3,071	2,555
Increase (decrease) in allowance for doubtful accounts	158	60
Increase (decrease) in reserve for employees' prior service obligations	(257)	(119)
Interest and dividend income	(1,394)	(1,762)
Interest expense	4,356	4,346
Equity in earnings of affiliated companies (gain)	878	374
Gain or loss on sales or disposal of fixed assets (gain)	(65)	40
Impairment loss on fixed assets	142	252
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	436
Loss on disaster	-	563
Gain or loss on sale of investments in securities (gain)	(404)	(30)
Gain or loss on valuation of investments in securities (gain)	434	560
Gain on reversal of allowance for doubtful accounts	(986)	(487)
Loss on liquidation of affiliates	109	-
Loss on litigation	529	-
Decrease (increase) in notes and accounts receivable	10,739	(21,167)
Decrease (increase) in inventories	4,659	(3,103)
Increase (decrease) in notes and accounts payable	9,596	13,950
Other	(5,392)	3,424
Sub total	34,582	12,924
Interest and dividend income received	1,374	1,698
Interest paid	(4,375)	(4,390)
Income taxes paid	(4,000)	(2,339)
Payments for loss on litigation	(1,140)	-
Payments for loss on disaster	-	(64)
Net cash provided by operating activities	26,441	7,827
Cash flows from investing activities:		
Decrease (increase) in time deposits	(18,907)	17,652
Payments for acquisition of tangible fixed assets	(1,167)	(1,210)
Proceeds from sale of tangible fixed assets	1,111	419
Payments for acquisition of intangible fixed assets	(999)	(670)
Payments for acquisition of investments in securities	(1,094)	(450)
Proceeds from sale of investments in securities	946	1,274
Purchase of investments in subsidiaries	(237)	(217)
Increase in loans receivable	(2,052)	(2,786)
Decrease in loans receivable	2,947	3,496
Other	306	(184)
Net cash used in investing activities	(19,149)	17,322
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(16,661)	(9,192)
Proceeds from long-term debt	36,614	48,531
Repayment of long-term debt	(40,640)	(58,680)
Proceeds on payments by minority shareholders	60	-
Other	(944)	(1,323)
Net cash used in financing activities	(21,572)	(20,664)
Effect of exchange rate changes on cash and cash equivalents	104	(1,677)
Net increase (decrease) in cash and cash equivalents	(14,176)	2,808
Cash and cash equivalent at beginning of year	78,655	64,479
Effect of the change in scope of consolidated subsidiaries	0	137
Cash and cash equivalent at end of year	64,479	67,426

(5) Notes on the going concern assumption
Not applicable.

(6) Significant items regarding the preparation of consolidated financial statements
Since there were no significant changes from the description in the latest securities report (submitted on June 24, 2010), the disclosures are omitted.

(7) Changes in significant items regarding the preparation of consolidated financial statements
Changes in accounting policies
(Application of the accounting standard for asset retirement obligations)
The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008) were applied from this fiscal year.
As a result of the applications, operating income and ordinary income of the fiscal year under review decreased ¥56 million, and income before income taxes and minority interests declined ¥493 million.

(Application of the "Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method")
From this fiscal year, the Group applied the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issue Task Force (PITF) No.24, March 10, 2008).
The application of these accounting standards did not have an impact on profits and losses for the fiscal year under review.

(Application of the accounting standard for business combinations)
From this fiscal year, the Group applied the "Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued December 26, 2008), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

(8) Changes in presentation
(Consolidated statements of income)
As a result of applying the "Cabinet Office Ordinance of Partial Revision to the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008), the accounting title of "income before minority interests" is presented for the fiscal year under review.

(9) Additional information
From this fiscal year, the Group applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). However, amounts for "valuation and translation adjustments" and "total valuation and translation adjustments" are stated as amounts for "accumulated other comprehensive income" and "total accumulated other comprehensive income" for the previous fiscal year in this consolidated financial summary.

(10) Notes on the consolidated financial statements
(In relation to consolidated statement of comprehensive income)

Fiscal 2010 (April 1, 2010 to March 31, 2011)
*1. Comprehensive income for the fiscal year immediately before the fiscal year under review

Comprehensive income attributable to owners of the parent	3,990	million yen
Comprehensive income attributable to minority interests	1,322	
Total	5,312	million yen

*2. Other comprehensive income for the fiscal year immediately before the fiscal year under review

Valuation difference on available-for-sale securities	979	million yen
Deferred gains or losses on hedges	52	
Foreign currency translation adjustment	(554)	
Share of other comprehensive income of associates accounted for using equity method	43	
Total	520	million yen

(Segment information)
Additional information
From this fiscal year, the Group applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, March 21, 2008).
Segment information for the previous fiscal year is also presented in accordance with measuring methods after applying the above standards.

(i) Overview of Reportable Segments
The reportable segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company, and for which the management of the Company normally and regularly assesses the business performance and examines the allocation of management resources.
The Company sets up business units that are organized according to the characteristics of their merchandise and services inside the head office, and each business unit provides merchandise and services in Japan and overseas by organically combining trading functions such as commercial trade, information gathering, market development, business development and arrangement, risk management and logistics.
Therefore, the Company forms segments by merchandise and services with its business units as the basis. It has the following five reportable segments: Electronics & IT, Foods & Foodstuff, Iron & Steel, Machinery & Plant, and Environment & Materials.
The principal merchandise and services handled by each segment are as follows:

(Electronics & IT)
The Electronics & IT Division provides a wide range of products, such as electronic parts and members, semiconductors, semiconductor equipment, mechanism elements, materials and indirect materials related to electronics, aircrafts and aircraft parts, together with services including development and proposals. This segment also deals with mobile communication terminals, mobile internet systems, and information and telecommunication equipment and services.

(Foods & Foodstuff)
This segment integrates the handling of a broad array of food and foodstuffs, with operations ranging from reliably sourcing raw materials to providing food and foodstuffs, including high value-added goods. Merchandise in this segment includes cooked foods, processed fruits, processed agricultural products, beverage ingredients, animal and fishery products, wheat, rice, soybeans, feedstuff and pet foods.

(Iron & Steel)
The Iron & Steel Division operates a business centering on international trade in steel products such as plates, bars and wire rods, pipes, stainless products, and forgings. The segment also sells general steel products in Japan and is engaged in import and offshore trading of raw materials for steel.

(Machinery & Plant)
The Machinery & Plant Division is engaged in projects involving overseas plants and infrastructure building, as well as international trade in vessels, marine equipment, automobiles and related parts, industrial vehicles and construction machinery. The segment also sells machine tools and industrial machinery.

(Environment & Materials)
The Environment & Materials segment is responsible for trading and domestic sales of raw materials for solar and lithium batteries, functional chemicals such as raw materials for fertilizer, functional food materials, nutritional supplements, pharmaceuticals and pharmaceutical intermediates, crude oils, petroleum products, and gas. The Division also develops environmental materials such as heat shield paints and new technologies and operates businesses related to emissions trading.

(ii) Methods for calculating net sales, profits or losses, assets, and amounts for other items by reportable segment
Income figures for reportable segments are based on operating income for the segments.
Inter-segment revenue and transfers are based on prevailing market prices or third-party transaction prices.

(iii) Information on net sales and profits or losses by reported segment

Fiscal 2009 (April 1, 2009 to March 31, 2010)

(Million yen)

	Reported segments						Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & IT	Foods & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	232,702	264,240	87,978	61,260	198,144	844,326	16,951	861,277	-	861,277
Inter-segment	26	8	199	17	44	296	37	334	(334)	-
Total	232,728	264,248	88,178	61,278	198,188	844,622	16,989	861,611	(334)	861,277
Segment profit (loss)	5,783	3,622	2,435	(925)	917	11,834	332	12,166	19	12,186
Segment assets	126,921	78,164	31,774	31,012	39,182	307,055	24,867	331,922	66,706	398,629
Other items										
Depreciation and amortization	1,483	499	178	182	390	2,735	337	3,073	(1)	3,071
Investments in equity method affiliates	2,249	1,071	8	-	101	3,431	3,050	6,482	92	6,574
Increases in tangible fixed assets and intangible fixed assets	1,141	165	59	22	449	1,838	69	1,907	367	2,275

(Note 1) "Others" is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.
(Note 2) Adjustments are as follows.
(1) Adjustment of ¥19 million for segment profit (loss) includes inter-segment elimination of ¥19 million.
(2) Adjustment for segment assets amounting to ¥66,706 million includes inter-segment elimination of negative ¥4,857 million and Group assets of ¥71,563 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
(3) Adjustment for depreciation and amortization amounting to negative ¥1 million includes inter-segment elimination of negative ¥1 million.
(4) Adjustment for investments in equity method affiliates amounting to ¥92 million includes inter-segment elimination of ¥6 million and Group assets of ¥85 million that have not been distributed to reportable segments.
(5) Adjustment for increases in tangible fixed assets and intangible fixed assets amounting to ¥367 million includes Group assets of ¥367 million that have not been distributed to reportable segments.
(Note 3) Segment profit (loss) is adjusted for operating income in the consolidated statements of income.

Fiscal 2010 (April 1, 2010 to March 31, 2011)

(Million yen)

	Reported segments						Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & IT	Foods & Foodstuff	Iron & Steel	Machinery & Plant	Environment & Materials	Sub-total				
Net sales										
Outside customers	253,854	271,860	98,832	67,300	227,466	919,314	17,577	936,891	-	936,891
Inter-segment	25	7	460	16	46	556	41	598	(598)	-
Total	253,879	271,867	99,293	67,316	227,512	919,870	17,619	937,490	(598)	936,891
Segment profit (loss)	9,488	2,835	3,410	1,062	977	17,775	235	18,010	18	18,029
Segment assets	115,953	81,226	34,805	27,627	44,532	304,146	24,042	328,188	60,487	388,676
Other items										
Depreciation and amortization	1,260	387	142	118	341	2,251	304	2,556	(0)	2,555
Investments in equity method affiliates	2,346	649	2	-	102	3,100	2,972	6,073	34	6,108
Increases in tangible fixed assets and intangible fixed assets	1,587	196	126	76	113	2,100	144	2,244	1,291	3,536

(Note 1) "Others" is a business segment that is not included in the reported segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustments are as follows.

(1) Adjustment of ¥18 million for segment profit includes inter-segment elimination of ¥18 million.

(2) Adjustment for segment assets amounting to ¥60,487 million includes inter-segment elimination of negative ¥5,869 million and Group assets of ¥66,357 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.

(3) Adjustment for depreciation and amortization amounting to negative ¥0 million includes inter-segment elimination of negative ¥0 million.

(4) Adjustment for investments in equity method affiliates amounting to ¥34 million includes inter-segment elimination of ¥6 million and Group assets of ¥28 million that have not been distributed to reportable segments.

(5) Adjustment for increases in tangible fixed assets and intangible fixed assets amounting to ¥1,291 million includes Group assets of ¥1,291 million that have not been distributed to reportable segments.

(Note 3) Segment profit is adjusted for operating income in the consolidated statements of income.

(Per share information)

Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Net assets per share 69.15 yen Net loss per share 8.44 yen Net income per share on a diluted basis is not written, as there are no potential shares.	Net assets per share 79.07 yen Net loss per share 21.93 yen Net income per share on a diluted basis is not written, as there are no potential shares.

(Notes) 1. The bases for the calculation of net assets per share are as follows:

	Fiscal 2009 (As of March 31, 2010)	Fiscal 2010 (As of March 31, 2011)
Net assets per share		
Total net assets (million yen)	45,804	49,576
Amount subtracted from total net assets (million yen)	16,887	16,475
[Minority interests]	[16,887]	[16,475]
Net assets for common shares (million yen)	28,916	33,101
Number of common shares issued (thousand shares)	422,501	422,501
Number of common shares held as treasury stock (thousand shares)	4,303	3,878
Number of common shares used for the calculation of net assets per share (thousand shares)	418,197	418,622

2. The bases for the calculation of net income per share are as follows:

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Net income per share		
Net income (million yen)	3,528	9,175
Amount that does not belong to common shares (million yen)	-	-
Net income for common shares (million yen)	3,528	9,175
Average number of common shares for the period (thousand shares)	418,277	418,393

(Significant subsequent events)
There is no applicable item.

(Other items)
A lawsuit against the Company (in which the claim is ¥3,300 million) was filed with the Tokyo District Court in December 2009 with regard to compensation based on a stated guarantee by a transferee in connection with an agreement for transferring shares in and credits to Kanematsu Kankyo Co., Ltd. (presently known as Funabashi Kankyo Co., Ltd.), the Company's subsidiary prior to its transfer in March 2008.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

	Fiscal 2009 (March 31, 2010)	Fiscal 2010 (March 31, 2011)
Assets		
Current assets		
Cash and bank deposits	37,859	18,052
Notes receivable	3,029	3,779
Accounts receivable	60,016	69,162
Inventories	29,815	29,966
Advance payments to suppliers	6,379	3,300
Prepaid expenses	863	840
Deferred tax assets	45	1,972
Short-term loans receivable	5	49
Short-term loans to affiliates	11,179	9,696
Accrued income	3,377	4,086
Derivatives obligations	1,282	1,017
Other	2,381	2,381
Allowance for doubtful accounts	(119)	(92)
Total current assets	156,117	144,213
Fixed assets		
Tangible fixed assets		
Buildings (net amount)	465	496
Structures (net amount)	29	21
Machinery and equipment (net amount)	123	138
Vehicle (net amount)	32	24
Tools and fixtures (net amount)	158	129
Land	5,740	5,740
Leased assets (net amount)	92	724
Construction in progress	-	1
Total tangible fixed assets	6,641	7,276
Intangible fixed assets		
Software	495	408
Telephone subscription rights	31	7
Other	8	71
Total intangible fixed assets	535	487
Investments and other assets		
Investments in securities	11,404	10,251
Shares in affiliates	84,134	84,441
Investments and guarantees	1,300	1,313
Equity investment in affiliates	3,498	3,498
Long-term loans receivable	8,103	8,140
Long-term loans to employees	66	79
Long-term loans to affiliates	34,456	29,920
Doubtful accounts	11,832	10,902
Long-term prepaid expenses	46	104
Deferred tax assets	12,168	12,020
Other	3,374	4,098
Allowance for doubtful accounts	(43,641)	(39,791)
Total investments and other assets	126,745	124,979
Total fixed assets	133,922	132,743
Total assets	290,040	276,956

(Million yen)

	Fiscal 2009 (March 31, 2010)	Fiscal 2010 (March 31, 2011)
Liabilities		
Current liabilities		
Notes payable	2,898	3,269
Import bills payable	25,132	29,406
Accounts payable	29,654	31,576
Short-term borrowings	83,017	76,372
Lease obligations	26	150
Accrued liabilities	3,762	4,484
Accrued expenses	687	977
Accrued income taxes	160	140
Advances received from customers	9,294	1,789
Deposits received	5,733	5,689
Deferred revenue	75	194
Derivatives obligations	328	759
Other	250	175
Total current liabilities	161,022	154,988
Long-term liabilities		
Long-term borrowings	84,702	70,357
Lease obligations	66	623
Accrued severance indemnities	32	36
Reserve for directors' retirement benefits	282	207
Allowance for business losses for subsidiaries and affiliates	1,883	1,754
Asset retirement obligations	-	124
Other	-	111
Total current liabilities	86,967	73,214
Total liabilities	247,989	228,202
Net assets		
Owners' equity		
Capital stock	27,781	27,781
Capital surplus		
Legal capital surplus	26,887	26,887
Total capital surplus	26,887	26,887
Retained earnings		
Earned legal reserve	131	131
Other retained earnings		
Special reserve fund	1,836	1,836
Deferred retained earnings	(14,768)	(7,360)
Total retained earnings	(12,800)	(5,392)
Treasury stock	(187)	(116)
Total owners' equity	41,679	49,158
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities	120	(239)
Deferred gain/loss on hedging	250	(165)
Total valuation and translation adjustments	371	(404)
Total net assets	42,050	48,754
Total liabilities and net assets	290,040	276,956

(2) Non-Consolidated Statements of Income

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Net sales	370,858	438,975
Cost of sales		
Commodity inventories at beginning of year	25,068	29,815
Commodity purchase amount	358,592	420,436
Total	383,660	450,251
Commodity inventories at end of year	29,815	29,966
Cost of commodity sales	353,845	420,285
Gross trading profit	17,013	18,689
Selling, general and administrative expenses		
Compensation paid to directors	195	163
Salaries and allowances	5,114	4,775
Bonuses	563	802
Retirement benefit expenses	1,162	713
Welfare expenses	788	772
Traveling expenses	685	646
Communication charges	153	135
Office expenses	71	68
Entertainment expenses	121	98
Rent	1,533	1,356
Outsourcing service charges	1,682	1,629
Maintenance contract expenses	835	774
Taxes and public charges	37	45
Business office tax	25	19
Enterprise tax	151	94
Depreciation and amortization	732	447
Transfer to allowance for doubtful accounts	27	3
Other	1,021	833
Total selling, general and administrative expenses	14,904	13,381
Operating income	2,109	5,308
Non-operating income		
Interest received	734	683
Dividends received	4,952	3,406
Foreign exchange gains	457	-
Other	739	753
Total non-operating income	6,884	4,843
Non-operating expenses		
Interest paid	3,871	3,891
Loss on foreign exchange translation	-	468
Other	884	573
Total non-operating expenses	4,755	4,933
Ordinary income	4,237	5,218

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Extraordinary gains		
Gain on sale of tangible fixed assets	27	3
Gain on sale of investment in securities	245	419
Gain on liquidation of affiliates	13	4
Gain on reversal of allowance for doubtful accounts	956	469
Total extraordinary gains	1,242	897
Extraordinary losses		
Loss on sales or disposal of fixed assets	21	9
Loss on impairment	-	23
Loss on sale of investments in securities	53	427
Loss on valuation of investments in securities	351	179
Loss on liquidation of subsidiaries and affiliates	88	11
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	72
Loss on disaster	-	447
Total extraordinary losses	514	1,171
Income before income taxes	4,965	4,944
Income taxes – current	(790)	(1,091)
Income taxes – deferred	382	(1,410)
Total income taxes	(408)	(2,502)
Net income	5,373	7,446

(3) Non-Consolidated Statements of Shareholders' Equity

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Owners' equity		
Common stock		
Balance at end of previous fiscal year	27,781	27,781
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	27,781	27,781
Capital surplus		
Capital surplus		
Balance at end of previous fiscal year	26,887	26,887
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	26,887	26,887
Total capital surplus		
Balance at end of previous fiscal year	26,887	26,887
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	26,887	26,887
Retained earnings		
Earned legal reserve		
Balance at end of previous fiscal year	131	131
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	131	131
Other retained earnings		
Special reserve fund		
Balance at end of previous fiscal year	1,836	1,836
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at end of the fiscal year	1,836	1,836
Deferred retained earnings		
Balance at end of previous fiscal year	(20,140)	(14,768)
Changes during the fiscal year		
Net income	5,373	7,446
Disposal of treasury stock	(2)	(1)
Changes attributable to share exchanges	-	(37)
Total changes during the fiscal year	5,371	7,408
Balance at end of the fiscal year	(14,768)	(7,360)
Total retained earnings		
Balance at end of previous fiscal year	(18,172)	(12,800)
Changes during the fiscal year		
Net income	5,373	7,446
Disposal of treasury stock	(2)	(1)
Changes attributable to share exchanges	-	(37)
Total changes during the fiscal year	5,371	7,408
Balance at end of previous fiscal year	(12,800)	(5,392)

(Million yen)

	Fiscal 2009 (From April 1, 2009 to March 31, 2010)	Fiscal 2010 (From April 1, 2010 to March 31, 2011)
Treasury stock		
Balance at end of previous fiscal year	(180)	(187)
Changes during the fiscal year		
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	5	2
Changes attributable to share exchanges	-	79
Total changes during the fiscal year	(7)	70
Balance at end of previous fiscal year	(187)	(116)
Total owners' equity		
Balance at end of previous fiscal year	36,315	41,679
Changes during the fiscal year		
Net income	5,373	7,446
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	3	1
Changes attributable to share exchanges	-	42
Total changes during the fiscal year	5,363	7,479
Balance at end of previous fiscal year	41,679	49,158
Valuation and translation adjustments		
Unrealized loss on available-for-sale securities		
Balance at end of previous fiscal year	(582)	120
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	703	(359)
Total changes during the fiscal year	703	(359)
Balance at end of previous fiscal year	120	(239)
Deferred gain/loss on hedging		
Balance at end of previous fiscal year	256	250
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	(6)	(416)
Total changes during the fiscal year	(6)	(416)
Balance at end of previous fiscal year	250	(165)
Total valuation and translation adjustments		
Balance at end of previous fiscal year	(325)	371
Changes during the fiscal year		
Net changes of items other than owners' equity during the fiscal year	696	(775)
Total changes during the fiscal year	696	(775)
Balance at end of previous fiscal year	371	(404)
Total net assets		
Balance at end of previous fiscal year	35,990	42,050
Changes during the fiscal year		
Net income	5,373	7,446
Acquisition of treasury stock	(13)	(11)
Disposal of treasury stock	3	1
Changes attributable to share exchanges	-	42
Net changes of items other than owners' equity during the fiscal year	696	(775)
Total changes during the fiscal year	6,060	6,703
Balance at end of previous fiscal year	42,050	48,754

(4) Notes on the going concern assumption
Not applicable.

6. Other

(1) Changes in directors
Changes in directors are as separately disclosed on a timely basis.

(2) Other
Not applicable.

2011/5/9

Kanematsu Corporation

Highlights of Consolidated Financial Results for the end of the Fiscal Year Ending March 2011

■Both net sales and income grew year on year, and targets for the first year under the mid-term business plan were achieved.

(100 million yen)				Mid-term Plan(FY2010)
	Net sales	9,369	8.8% up	8,500
	Operating income	180	47.9% up	150
	Ordinary income	143	73.1% up	100
	Net income	92	160.1% up	45

On a consolidated basis

(Unit: 100 million yen)	FY2009	FY2010	Year-on-year Change	Year-on-year Change (%)	FY2011 Forecasts	FY2011 Change (%)
Net sales	8,613	9,369	756	8.8%	9,500	1.4%
Gross trading profit	741	769	28	3.8%	-	-
SG&A expenses	619	589	△ 30	-4.9%	-	-
Operating income	122	180	58	47.9%	170	-5.7%
Dividends received	7	12	5	-	-	-
Interest	△ 37	△ 38	△ 1	-	-	-
Gains or losses on equity-method investments	△ 9	△ 4	5	-	-	-
Foreign exchange loss/profit	6	△ 4	△ 10	-	-	-
Others	△ 7	△ 4	3	-	-	-
Non-operating income/loss	△ 39	△ 38	2	-	-	-
Ordinary income	82	143	60	73.1%	120	-15.8%
Extraordinary gain	21	11	△ 9	-	-	-
Extraordinary loss	△ 19	△ 24	△ 5	-	-	-
Income (loss) before income taxes	84	130	46	55.0%	-	-
Income taxes and minority interests	△ 49	△ 39	10	-	-	-
Net income	35	92	56	160.1%	55	-40.1%

[Net sales/Gross trading profit]
Both net sales and gross trading profit increased, chiefly reflecting the strong performance of the Electronics & IT, Iron & Steel and Machinery & Plant divisions backed by a recovery in demand in Japan and abroad.

[Operating income]
Operating income rose, attributable to an increase in gross trading profit and a decrease in SG&A expenses.

[Ordinary income]
Despite foreign exchange losses reflecting the adverse effects of exchange rate fluctuations, ordinary income climbed with an improvement in non-operating income. This was in turn attributable to factors such as an increase in dividends received and an improvement in losses on equity-method investments.

[Net income]
Despite extraordinary losses, including a loss on the sale of investments in securities, a loss on the valuation of investments in securities, the effects of applying the accounting standards for asset retirement obligations, and a loss in connection with the adverse effects of the Great East Japan Earthquake, net income rose substantially from the previous fiscal year, driven by an increase in ordinary income.

Segment information

(Unit: 100 million yen)	Net sales (net external sales) FY2009	FY2010	Change	Operating income FY2009	FY2010	Change
Electronics & IT	2,327	2,539	212	58	95	37
Foods & Foodstuff	2,642	2,719	76	36	28	△ 8
Iron & Steel	880	988	109	24	34	10
Machinery & Plant	613	673	60	△ 9	11	20
Environment & Materials	1,981	2,275	293	9	10	1
Total for reportable segments	8,443	9,193	750	118	178	59
Other (including adjustment)	170	176	6	4	3	△ 1
Grand total	8,613	9,369	756	122	180	58

* Business segments were reclassified and renamed from the current fiscal year and presented retroactive to the previous fiscal year.

[Electronics & IT]:Both sales and income rose.
With a recovery in semiconductor demand, results rose sharply for the semiconductor manufacturing equipment business. The mechanical device business and the mobile solutions business also achieved strong results. Cost cutting and other developments enabled the ICT solutions business to improve performance.

[Foods & Foodstuff]: Sales climbed, but income declined.
The food business performed well overall, reflecting a relatively stable supply and demand environment. The meat and marine products business posted stable revenues, supported by fixed interval and fixed quantity agreements. The foodstuffs business struggled under the adverse effects of a severe external environment.

[Iron & Steel]:Both sales and income rose.
Exports remained strong for automobile wire rods to Europe and the United States and special and stainless steel to the United States and Asia. In addition, inquiries grew for iron ore, with higher raw material prices in the background.

[Machinery & Plant]:Sales rose, and a turnaround was achieved.
Businesses associated with automobile parts achieved solid results in markets centered on China.Transactions related to plants for the Middle East also remained firm. Turnover for the machine tool business rose as the Company took steps to reduce costs in an improving environment for orders.

[Environment & Materials]:Both sales and income rose.
Exports rose for raw materials for car batteries. In addition, colostrums products continued to post strong sales. The margin fell for the energy business on higher crude oil prices and weak domestic demand.

Assets, Liabilities and Net Assets

(Unit: 100 million yen)	3/2010	3/2011	Comparison with 3/2010 Change	Change (%)
Total assets	3,986	3,887	△ 100	-2.5%
Gross interest-bearing debt	1,931	1,736	△ 195	-10.1%
Net interest-bearing debt	1,094	1,046	△ 47	-4.3%
Equity capital	545	637	92	16.9%
(Retained earnings)	△ 3	89	92	-
Valuation and translation adjustments	△ 256	△ 306	△ 50	-
Minority interests	169	165	△ 4	-2.4%
Total net assets	458	496	38	8.2%
Shareholder's equity (Note 1)	289	331	42	14.5%
Shareholder's equity ratio (Note 2)	7.3%	8.5%	1.2pt	-
Net debt-equity ratio (Note 3)	3.8	3.2	0.6pt	-

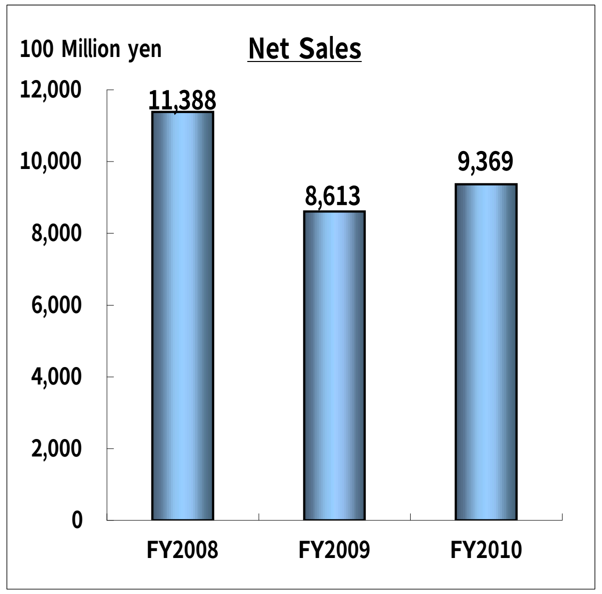
(Note 1) Shareholder's equity = Total net assets - Minority interests (Note 2) Shareholder's equity ratio = Shareholder's equity / Total assets
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

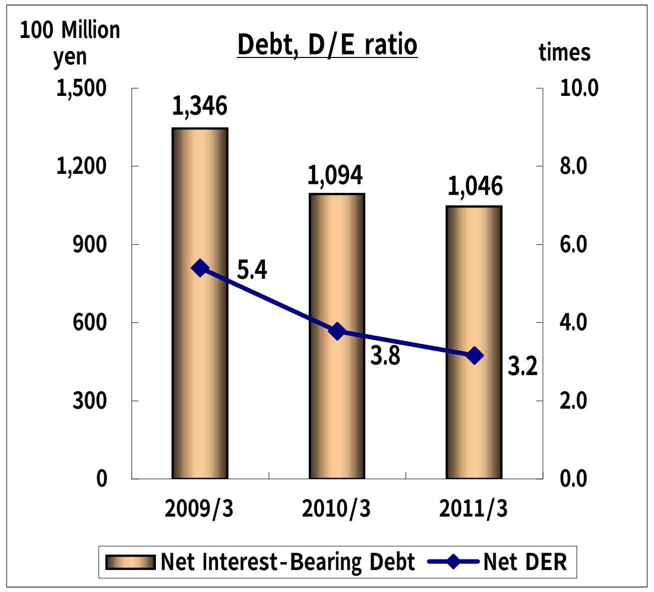
[Total Assets]
Notwithstanding an increase in notes and accounts receivable, attributable to solid demand, total assets declined 10 billion yen, owing primarily to a fall in cash and bank deposits as a result of debt repayment.

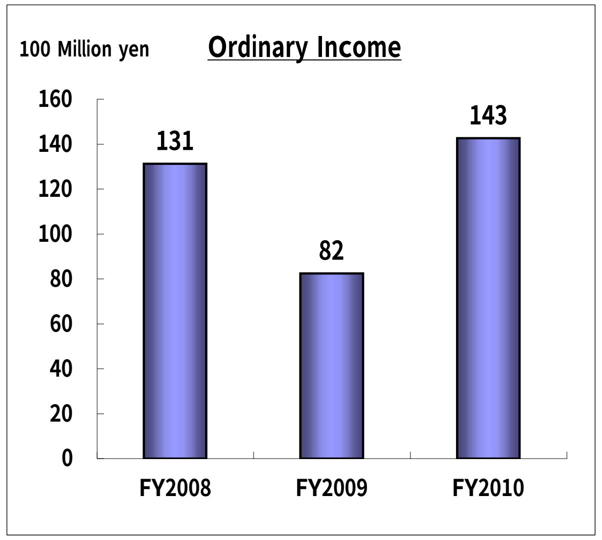
[Interest-bearing debt]
Gross interest-bearing debt decreased 19.5 billion yen as a result of debt repayment. Net interest-bearing debt fell 4.7 billion yen, to 104.6 billion yen.

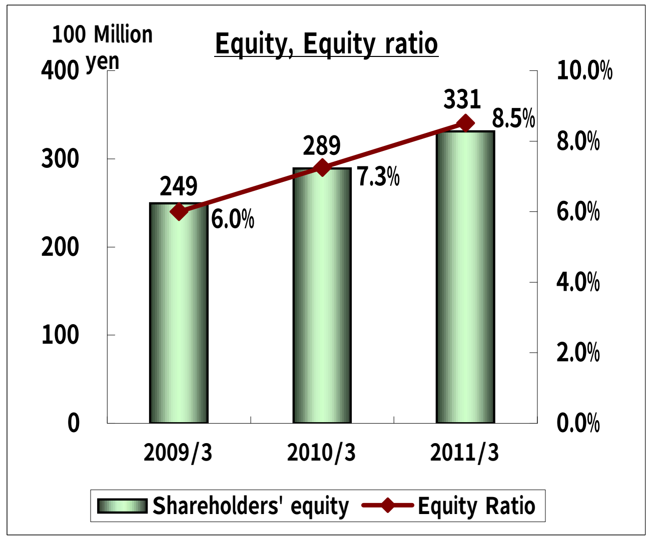
[Total Net assets]
Despite a fall in accumulated other consolidated income under the adverse effects of exchange rate movements and other changes, shareholders' equity and net assets grew with a rise in retained earnings from the posting of net income.

As a result, the equity ratio rose to 8.5%, and the net debt-equity ratio improved to 3.2.









* Results forecasts and forward-looking statements in this document assume information available to the Company as of the date of the announcement and estimates based on rational assumptions. Please note that actual results may differ materially from the forecasts presented here, depending on various factors.
* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.